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June 17, 2005

United States v. Dale L. Graybill

Docket No. 3:05CR152 (PCD)
USAO No. 2001R00019

On June 15, 2005, Dale L. Graybill pleaded guilty to a two-count information charging him with one count of mail fraud, in violation of Title 18, U.S.C. § 1341 and one count of tax fraud, in violation of Title 26, U.S.C. § 7206.

These federal charges related to Graybill operating a multi-million dollar Ponzi scheme in which he solicited investments purportedly for offshore high-yield bank debenture "trading programs," but were, in reality, fictitious investment programs.

According to documents filed with the Court and statements made in court, Graybill falsely represented to investors that he had special access to exclusive, government-backed trading programs that were originally opened only to the very wealthy, but which he could make available to them. He told investors that he would place their investment funds in safe, exclusive, off-shore, high-yield bank debenture "trading programs" that would produce greater than market rates of returns of up to 25 percent per month at little or no risk. Graybill further told investors that their funds would be used to facilitate the purchase and sale of newly issued currency and fresh-cut bank debentures at a discount, and that the financial instruments would be sold at a substantial profit, which would generate high returns. Graybill told investors that their principal was secured by United States Treasury Bills.

After receiving the funds from investors, Graybill would divert the funds for his own personal use and benefit, including paying business expenses, and making lulling payments to investors to create the appearance that the investments were safe, secure, and had been invested as promised. During the life of the scheme, Graybill's investors provided millions of dollars to be invested in the so-called "trading programs."

This extensive Ponzi-scheme has left many Connecticut investor-victims with significant financial losses. The mail fraud charge stems from Graybill's receipt of a check in the amount of \$398,910 in June 2002. The source of the funds for the check were monies that had been "invested" and were intended to be distributed back to the victim investors. Graybill did not return the funds, but instead used the funds to pay his own personal expenses, including credit card bills, gambling expenses, and checks to cash. The false tax return charge stems from Graybill's using the proceeds from the Ponzi scheme without declaring the funds as income, which caused a tax loss to the U.S. Treasury of over \$93,000. In pleading guilty, Graybill has agreed to pay to the Internal Revenue Service tax liabilities, deficiencies and related penalties for the tax year 2002.

As a crime victim, you have the following rights under 18 United States Code § 3771: **(1)** The right to be reasonably protected from the accused; **(2)** The right to reasonable, accurate, and timely notice of any public court proceeding, or any parole proceeding, involving the crime or of any release or escape of the accused; **(3)** The right not to be excluded from any such public court proceeding, unless the court, after receiving clear and convincing evidence, determines that testimony by the victim would be materially altered if the victim heard other testimony at that proceeding; **(4)** The right to be reasonably heard at any public proceeding in the district court involving release, plea, sentencing, or any parole proceeding; **(5)** The reasonable right to confer with the attorney for the Government in the case; **(6)** The right to full and

timely restitution as provided in law; **(7)** The right to proceedings free from unreasonable delay; **(8)** The right to be treated with fairness and with respect for the victim's dignity and privacy.

You have the opportunity to advise the sentencing judge of the impact that the defendant's conduct has had upon you. The Honorable Peter C. Dorsey, Senior United States District Court Judge, is scheduled to sentence Mr. Graybill on September 9, 2005, at 9:00 a.m., at the Federal Building, 141 Church Street, New Haven, Connecticut. While your attendance is not required at the sentencing, you should know that you are most welcome to attend the sentencing if you choose to do so. If you plan on attending please call this office to confirm date and time.

The United States Probation Officer, is currently conducting a presentence investigation and is writing a report to Judge Dorsey who is interested in knowing how this crime may have affected you and what losses have resulted from this crime.

Attached is a Victim Impact Statement form to assist you in preparing a statement that can be submitted to the Probation Office, should you choose to make such a submission. This form should be returned to us within 10 days, so it can be forwarded to the Probation Office and become part of the court record. Because all such submissions are part of the court record, they are available to the defendant and his attorney. You may send your impact statement or letter to the United States Attorney's Office, Attention: Linda Corrado, P.O. Box 1824, New Haven, CT 06508.

Victim Impact Statement

Victim: _____

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Please feel free to discuss any feelings that you may have experienced as a result of this crime.

How has this crime affected you and those close to you? Please feel free to discuss your feelings about what has happened and how it has affected your general well-being.

Please list your financial losses from this crime. If you have not been compensated for any of the financial losses that you have listed, please forward additional documentation.

Have you been assessed any additional taxes, penalties, or interest by the federal government as a result of this case? Yes _____ No _____

If yes, please explain:

Please include any additional information you would like the Court to know about. Please continue your statement on a separate sheet of paper, if necessary.

I declare under penalty of law that the above information is true and correct.

DATE: _____ SIGNATURE: _____